

<b>AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT</b>				1. Contract ID Code Firm-Fixed-Price		Page 1 Of 10	
2. Amendment/Modification No.  61		3. Effective Date  2004JUN08		4. Requisition/Purchase Req No.  SEE SCHEDULE		5. Project No. (If applicable)	
6. Issued By TACOM WARREN BLDG 231 AMSTA-AQ-AHEB LEON WILSON (586)574-7192 WARREN, MICHIGAN 48397-5000 HTTP://CONTRACTING.TACOM.ARMY.MIL EMAIL: WILSONL@TACOM.ARMY.MIL		Code W56HZV		7. Administered By (If other than Item 6) DCMA DETROIT U.S. ARMY TANK & AUTOMOTIVE COMMAND (TACOM) ATTN: DCMAE-GJD WARREN, MI 48397-5000		Code S2305A	
				SCD A PAS NONE ADP PT HQ0337			
8. Name And Address Of Contractor (No., Street, City, County, State and Zip Code)  GENERAL DYNAMICS LAND SYSTEMS INC. 38500 MOUND ROAD STERLING HEIGHTS, MI. 48310-3260  TYPE BUSINESS: Large Business Performing in U.S.				<input type="checkbox"/>		9A. Amendment Of Solicitation No.	
				<input type="checkbox"/>		9B. Dated (See Item 11)	
				<input checked="" type="checkbox"/>		10A. Modification Of Contract/Order No. DAAE07-01-G-N001/0003	
				<input type="checkbox"/>		10B. Dated (See Item 13) 2001MAR30	
Code 7W356		Facility Code					
<b>11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS</b>							
<input type="checkbox"/> The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of Offers <input type="checkbox"/> is extended, <input type="checkbox"/> is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended by one of the following methods: (a) By completing items 8 and 15, and returning _____ copies of the amendments: (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. <b>FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER.</b> If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.							
12. Accounting And Appropriation Data (If required) ACRN: AE NET DECREASE: -\$889,256.00							
<b>13. THIS ITEM ONLY APPLIES TO MODIFICATIONS OF CONTRACTS/ORDERS</b>							
KIND MOD CODE: C It Modifies The Contract/Order No. As Described In Item 14.							
<input type="checkbox"/>		A. This Change Order is Issued Pursuant To: The Contract/Order No. In Item 10A.				The Changes Set Forth In Item 14 Are Made In	
<input type="checkbox"/>		B. The Above Numbered Contract/Order Is Modified To Reflect The Administrative Changes (such as changes in paying office, appropriation data, etc.) Set Forth In Item 14, Pursuant To The Authority of FAR 43.103(b).					
<input checked="" type="checkbox"/>		C. This Supplemental Agreement Is Entered Into Pursuant To Authority Of: Mutual agreement					
<input type="checkbox"/>		D. Other (Specify type of modification and authority)					
E. IMPORTANT: Contractor <input type="checkbox"/> is not, <input checked="" type="checkbox"/> is required to sign this document and return _____ copies to the Issuing Office.							
14. Description Of Amendment/Modification (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)							
SEE SECOND PAGE FOR DESCRIPTION							
Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect.							
15A. Name And Title Of Signer (Type or print)				16A. Name And Title Of Contracting Officer (Type or print) JOHN REGENHARDT REGENHAJ@TACOM.ARMY.MIL (586)574-6973			
15B. Contractor/Offeror  _____ (Signature of person authorized to sign)		15C. Date Signed		16B. United States Of America  By _____ /SIGNED/ (Signature of Contracting Officer)		16C. Date Signed  2004JUN08	
NSN 7540-01-152-8070 PREVIOUS EDITIONS UNUSABLE				30-105-02		STANDARD FORM 30 (REV. 10-83) Prescribed by GSA FAR (48 CFR) 53.243	

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Name of Offeror or Contractor: GENERAL DYNAMICS LAND SYSTEMS INC.			

SECTION A - SUPPLEMENTAL INFORMATION

1. The purpose of this modification is to do the following:  
Credit contract for the use of EBC Cards.
2. The Government has supplied the contractor with EBC Cards. The contractor agrees to credit the contract in the amount of \$889,256.00 for being supplied these EBC cards by the Government. CLIN 3001AD is decreased by \$889,256.00 from \$125,832,481.00 to \$124,943,225.00. The unit price of the last vehicle is decreased by \$889,256 from \$2,357,542 to \$1,468,286.
3. Pages B16(3) and G2 are deleted and replaced by the attached identically numbered pages. The attached G-page is added to the contract.
4. The obligated amount of the contract is changed as follows:
- |                              |                  |
|------------------------------|------------------|
| Current Contract Amount:     | \$747,536,252.00 |
| Amount of this Modification: | (\$ 889,256.00)  |
| New Contract Amount:         | \$746,646,996.00 |
5. The parties agree that this Modification 62 constitutes the full settlement, discharge, and release of any claims and represents a complete satisfactory adjustment regarding, in any fashion, the subject EBC credit. Any and all further claims for adjustment are hereby waived and released.
6. All other terms and conditions of this contract remain unchanged and in full force and effect.

\*\*\* END OF NARRATIVE A 083 \*\*\*

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
3001AD	<p>SECTION B - SUPPLIES OR SERVICES AND PRICES/COSTS</p> <p><u>PRODUCTION QUANTITY</u></p> <p>51</p> <p>PROGRAM YEAR: 3 NOUN: MY3 M1A2 SEP TANKS PRON: 473BVU2747 PRON AMD: 08 ACRN: AE AMS CD: 31206500022</p> <p><u>Packaging and Marking</u> PACKAGING/PACKING/SPECIFICATIONS: SD-X10005 LEVEL PRESERVATION: Military LEVEL PACKING: A</p> <p><u>Inspection and Acceptance</u> INSPECTION: Origin ACCEPTANCE: Origin</p> <p><u>Deliveries or Performance</u> DOC SUPPL <u>REL CD</u> <u>MILSTRIP</u> <u>ADDR</u> <u>SIG CD</u> <u>MARK FOR</u> <u>TP CD</u> 001 W56HZV3055D054 Y00000 M 1 <u>PROJ CD</u> <u>BRK BLK PT</u> GGX <u>DEL REL CD</u> <u>QUANTITY</u> <u>DEL DATE</u> 001 1 31-JAN-2004 002 9 28-FEB-2004 003 10 31-MAR-2004 004 9 30-APR-2004 005 9 31-MAY-2004 006 8 30-JUN-2004 007 5 31-JUL-2004</p> <p>FOB POINT: Origin</p> <p>SHIP TO: <u>PARCEL POST ADDRESS</u> (Y00000) SHIPPING INSTRUCTIONS FOR CONSIGNEE (SHIP-TO) WILL BE FURNISHED PRIOR TO THE SCHEDULED DELIVERY DATE FOR ITEMS REQUIRED UNDER THIS REQUISITION.</p> <p><u>CONTRACT/DELIVERY ORDER NUMBER</u> DAAE07-01-G-N001/0003</p>	51	EA	\$ ** N/A **	\$ 124,943,225.00

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT

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SECTION G - CONTRACT ADMINISTRATION DATA

G.1. INVOICE INFORMATION REQUIREMENT TACOM (JAN 1988)

On each payment request submitted, the Contractor shall identify each affected Contract Line Item Number (CLIN), sub-CLIN, ACRN, and/or work order, together with the related dollar amounts. This requirement does not diminish or restrict any other requirement of this contract.

G.2. RELEASE OF INFORMATION TACOM (APR 1991)

The contractor shall ensure that he complies with the requirements of Chapter 9 of AR 360-5 dated 31 May 89, Release of Information by Manufacturers, Research Organizations, Educational Institutions Holding Army Contracts, and Other Commercial Entities prior to contemplated release of any procurement information. Approval of the Contracting Officer is required prior to release of any such information. A copy of AR 360-5 may be obtained from the Contracting Officer.

G.3. BOA CLAUSES INCORPORATED BY REFERENCE

General Provisions in Attachment 001 of BOA DAAE07-01-G-N001 in the following sections apply:

FFP. R1.1., R1.2, R1.3, R1.4  
FFP only: R2.1, R2.2

General Provision I-40 FAR 52.223-3 HAZARDOUS MATERIAL IDENTIFICATION AND MATERIAL SAFETY DATA, BOA DAAE07-01-G-N001.

Optional:

All clauses in Optional Clauses 01.1; 01.2, 01.3; 02.1; 02.2; 02.3 except N9, N22, N45, N46, N62; N72, N81, and N82.

Non-General Provisions in Sections B, C, D, E, F, G, H apply.

Provision G.3.1 added by Modification 19:

G.3.1. Provision H-1 PROGRESS PAYMENTS (MAR 2000) and H-2 PROGRESS PAYMENTS (Alternate III, dated March 2000) previously incorporated above are NOT applicable to this Delivery Order effective with Modification 19. FAR 52.232-32 PERFORMANCE BASED PAYMENTS (Feb 2002) is hereby incorporated into the Delivery Order by reference.

G.4. PAYMENTS

G.4.1. Performance-based payments of any type do not apply to the CLINS entitled Resolution of Damaged/Defective Government Material (CLIN 0001), Packaging, Crating, Handling and Transportation (CLIN 0002), or ECPs (CLIN 0003).

Transfer of funding and payments from Contract DAAE07-00-C-N044 to Delivery Order 0003 Basic Ordering Agreement DAAE07-01-G-N001 at Call-Up of tanks under DO 0003. This is provision H.5 in SPECIAL PROVISIONS, Section H.

G.5. LONG LEAD MATERIAL (LLM) FOR END ITEMS

G.5.1. TRANSFER OF LLM COSTS TO FFP VEHICLE PRICE

In accordance with this provision, all allowable costs incurred for material acquired under Contract DAAE07-00-C-N044 under a Cost-no-fee CLIN for Long Lead Material, and material acquired under EOQ CLINs shall be treated as if acquired solely under this Delivery Order on a fixed price basis for vehicles utilizing that LLM when the vehicles are called up. In the event payments made to the Contractor under the LLM cost CLIN(s) and EOQ CLINs exceed the limitations imposed by the Performance-based Payment Provision of this tank Delivery Order when the LLM is transferred to this Delivery Order and the LLM and EOQ material is converted to a requirement for vehicles, such payments will be adjusted to be in compliance with the Performance-based Payment Provision by submittal of an adjusting Performance-based Payment request no later than at the end of a 60 day period following the execution of the modifications incorporating a requirement for the vehicle under a vehicle CLIN(s) and transfer of LLM from Contract DAAE07-00-C-N044 to this Delivery Order. All LLM material and EOQ material transferred to this Delivery Order, upon execution of a vehicle call-up modification to this Delivery Order, shall revert to being Contractor furnished material as if acquired exclusively under the terms of a fixed price vehicle Delivery Order.

G.5.2. CONTRACT FUNDING AND TERMINATION LIABILITY

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G.5.2.1. Out of Production material may be funded and authorized under this Order, another Contract or Delivery Order. The Contractor shall assume total responsibility for Contractor acquired materials necessary to manufacture vehicles under this Delivery Order and for any material transferred to this contract from other Contracts/Delivery Orders for manufacture of vehicles, except when resulting from actions under the "Changes" clause. Upon call-up of vehicles Out of Production material for those vehicles and the funding for that material shall become part of the vehicle and the vehicle price. Out of Production material shall be treated as LLM under H.5.1. of this Delivery and subject to the terms and conditions for LLM once vehicles are called up.

G.5.2.2. Funding for the acquisition of Multi-Year quantities of tanks under this Delivery Order has not been authorized which prevents vehicles to be called up or options exercised. However, "Advance Funding" for the acquisition of Long Lead Material has been authorized for production of tanks under this contract. That Long Lead Material is acquired by separate contract (DAAE07-00-C-N044) as Long Lead Material (LLM) and as material purchased as "Out of Production Material" under the EOQ CLINs in that Contract; or separate Contracts/Delivery orders in accordance with the provisions for Long Lead Material Funding and EOQ "Out of Production" funding in those Contracts/DO and provision G.5. of this Delivery Order. Upon availability to the Contracting Officer of funds and authorization for tanks, the Contractor shall be notified, in writing, and a modification to the Delivery Order exercised to fund tanks at the negotiated price in the schedule. The material; allowable costs; all payments made to the Contractor; and all funds for LLM and "Out of Production" material acquired under Contract DAAE07-00-C-N044, other Contracts, separate Delivery Orders that are required for tank call up, under this Delivery Order shall be transferred to this Delivery Order to fund the called up tanks. This will require a unilateral modification to the other Contracts and Delivery Orders to execute the transfer subject to the "Disputes" provision. The parties may, by mutual agreement, transfer material to this Delivery Order from other Contracts or Delivery Orders prior to call-up of vehicles.

G.5.2.3 Required Call Up of Tank CLINs under this delivery order are provided below. Call Up of tanks requires a modification to this Delivery Order to Call Up the tanks and a modification to Contract DAAE07-00-C-N044 and/or other Contracts or Delivery Orders to transfer Long Lead Material and "Out of Production" material for those tanks, allowable costs, and payments made to the Delivery Order or under the appropriate contract, as well as funding for that material from the appropriate Contract to this Delivery Order. The Government retains the right to unilaterally call-up vehicles and transfer material from contract DAAE07-00-C-N044 LLM or EOQ "Out of Production" CLINs, other Contracts, or other Delivery Orders to this delivery order, subject to fully funding the multi-year vehicles and the "DISPUTES" (FAR 52.233-1) provision. Vehicles may be called up earlier than the stated month. The Government will provide the Contractor the targeted call-up date and coordinate with the Contractor the execution of the modifications to accomplish the call-up. Prices for vehicles are the negotiated prices in the Schedule (Section B pages).

PRODUCTION YEAR (FY)    Month Vehicles required to be called-up

Multi-Year One	March 01
Multi-Year Two	February 02
Multi-Year Three	Not later than 7 March 2003

G.6. CLIN PRICE CHANGE

G.6.1. The prices of vehicles and other deliverables negotiated under this Contract may be changed by Specification Change Orders, ECPs, VECs, Claims, and Credits. The total CLIN price may be changed by modification to the Contract as a result of one of the described actions. This clause is to incorporate a unit price credit to a single deliverable under a CLIN rather than all undelivered deliverables under a CLIN as a result of a change in the CLIN price.

G.6.2. The following table will be used by the Government and the Contractor to track Unit Price credits under a CLIN. The Contractor will bill the Government for the last vehicle/other deliverable under a CLIN using the adjusted unit price listed below. As a result of Performance-based payments, should the Contractor owe the Government for the last vehicle delivered, the Contractor shall pay the amount owed in accordance with the direction of the Contracting Officer.

G.6.3. The following table indicates the unit price adjustment due to a decrease in a CLIN amount as described in G.5.1. above. If a CLIN is not listed, then that CLIN's unit price remains at the negotiated unit price.

Modification	\$ Adjustment	SubCLIN	PWD	U/P LAST DELIVERABLE
1C	(\$ 16,891)	1001AB	471BVU0247	\$2,403,317.745
11	(\$ 8,889)	1001AB	471BVU0247	\$2,394,428.745
11	(\$ 68,359)	1001ab	471BVU0247	\$2,326,069.745
1P	(\$ 8,120)	1001AB	471BVU0247	\$2,317,949.745
22	(\$662,400)	1001AB	471BVU0247	\$1,655,549.745
32	(\$ 4,160)	2001AC	472BVU2547	\$2,386,093.00
2K	(\$ 28,551)	2001AC	472BVU2547	\$2,357,542.00
61	(\$889,256)	3001AD	473BVU2747	\$1,468,286.00

The U/P of the last tank to be delivered under a CLIN is independent of the subCLIN the funds are deobligated. The last deliverable is always the last vehicle to be delivered under a CLIN. Change Proposals, and upward claim adjustments will be handled separately.

<p style="text-align: center;"><b>CONTINUATION SHEET</b></p>	<p style="text-align: center;"><b>Reference No. of Document Being Continued</b></p> <p style="text-align: center;"> <b>PIIN/SIIN</b> DAAE07-01-G-N001/0003      <b>MOD/AMD</b> 61 </p>	<p style="text-align: center;"><b>Page</b> 7 <b>of</b> 10</p>
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Provision G.7. added by Modification 19, changed by Modification 40:

G.7 Special Provision Contractor Performance-Based Payments (PBP), ref. FAR 52.232-32 Performance-Based Payments (Feb 2002)

G.7.1. Overview

The Government and General Dynamics Land Systems Inc., hereafter referred to as the Contractor, under this Delivery Order intend for the Contractor to deliver 307 M1A2 Abrams SEP Tanks, 100 under MY1 CLIN 1001, 104 under MY2 CLIN 2001, and 103 under MY3 CLIN 3001. Deliveries shall occur in accordance with the terms of this Delivery Order and Basic Ordering Agreement DAAE07-01-G-N001.

G.7.2. Performance Events

In Modification 19, the parties agreed to change the form of Government financing from Progress Payments to Performance Based Payments and financing by Performance Based Payments (PBP) was limited to the first 204 vehicles at that time, 100 under MY1 CLIN 1001 and 104 under MY2 CLIN 2001. Modification 40 extends PBP financing coverage to include 103 vehicles under MY3 CLIN 3001.

The parties have defined two major event categories the Contractor is required to meet. These two major event categories are:

1. Material Receipt.
2. Direct Labor Incurred necessary for Completion of One Vehicle.

Each Event and the requirements necessary for payment, and the method to measure progress is described in the following paragraphs. The schedules, CLINs, ACRNs, payment amounts for successful performance are contained in Exhibit D for the first 204 vehicles and Exhibit E for the 103 vehicles under CLIN 3001. The Contractor is not authorized payment for meeting a milestone in advance of the planned Milestone. This does not preclude the contractor from making advanced delivery in accordance with provision F.3. All milestone events are cumulative.

The Government and the Contractor acknowledge the potential need to reevaluate the existing milestone plans in Exhibits D and E that support the Contractor performance-based payment monthly request. Therefore, the two parties agree to perform a reevaluation of the contractually established milestone schedules in the event of an excusable delay or when either party feels it is appropriate to do so, in order to validate the accuracy of the milestone schedules. If it is agreed that there appears to be a deficiency in the accuracy of the contractually established milestone plans, as a result of this reevaluation, then the Government and the Contractor agree to reopen negotiations to establish accurate milestone schedules.

G.7.2.1. MATERIAL.

G.7.2.1.1. Material Received. Receipt of material at the Contractors plant(s) is a performance measurement. The requirements and payments are provided in Exhibits D and E. The Cumulative Amount Delivered numbers shown in Exhibits D and E are unloaded material numbers without the application of indirect rates. The basis for verification shall be the Contractors material receipts recorded in the Contractors General Ledger. In the event a material underrun affects the performance milestone for the last material performance based payment, the contractor may request that PBP based upon contractor certification that all material is received. Reference Exhibit D certifications.

G.7.2.2. DIRECT LABOR.

G.7.2.2.1. The total number of equivalent units per plant listed below for the 100 under MY1 CLIN 1001, 104 under MY2 CLIN 2001, and 103 MY3 CLIN 3001 vehicles is 307. Exhibits D and E provide the performance payment for each equivalent unit earned by plant. The Contractor, with its request for performance based payment, shall provide the ACO with the data from the Contractors material management system that verifies the accomplishment of the cumulative equivalent units, by plant.

- a. IVO (Imperial Valley Operations)
- b. Tallahassee
- c. Scranton
- d. Muskegon
- e. Anniston Army Depot (ANAD)
- f. Lima Army Tank Plant (LATP) - Plant 1
- g. LATP - Plant 3 Hull Line
- h. LATP - Plant 3 Turret Line
- i. LATP - Plant 3 Marriage through loading and tie-down.

G.7.2.2.2. Equivalent Units. In the Contractors material management system the direct labor standards necessary to complete one vehicle is one (1) equivalent unit. Each plant, for their portion of the effort to make a single tank, has a number of standard hours and pay points needed to have completed the effort done at that plant for the one vehicle. This corresponds to the standard hours necessary to make a vehicle. The Contractors Material Resource Planning system tracks the standard hours earned by plant. The Contractor shall break out the data from LATP Plant 3 for the Hull Line, Turret Line, and for Marriage through Test and Adjust and

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Loading. Standard hours earned will be the basis for determining if a plant has completed an equivalent unit, which is the performance measurement for direct labor. The Contractor shall provide the ACO documentation of equivalent units accomplished based on the Contractors Standardized Land Systems Labor Report. In the event of minor labor reporting anomalies for the last equivalent unit at each plant, the Contractor may request PBP based upon Contractor certification that all units at that plant have been completed. Reference Exhibit D Certifications.

#### G.7.3. DELIVERIES

G.7.3.1. The Liquidation Rate for this contract is changed from 66.3% to 86.0%. The parties agree to this change in liquidation rate due to the implementation of performance based payments. As a result of this change the unliquidated contract financing, formerly in the form of progress payments, will decrease through an adjustment to Work-In-Process as indicated on the first invoice for performance based payments. FAR 52.232-32 and the information provided in this section in no way limit the Governments rights pursuant to the Inspection of Supplies-Fixed Price clause of the contract.

#### G.7.4. CONTRACTOR REGULATORY REQUIREMENTS

G.7.4.1. Performance Payment under this provision G.7. is subject to the terms and conditions of the Delivery Order, and FAR 32.1005 and FAR 52.232-32 Performance-Based Payments. (Feb 2002). In addition, for subcontractors receiving finance payments from the Contractor under this Delivery Order, the following applies.

(a) Financing payments to subcontractors. Finance payments to subcontractors shall be all financing payments to subcontractors or divisions, if the following conditions are met:

(1) The amounts included are limited to --

- (i) The unliquidated remainder of financing payments made; plus
- (ii) Any unpaid subcontractor requests for financing payments.

(2) The subcontract or interdivisional order is expected to involve a minimum of approximately 6 months between the beginning of work and the first delivery, or, if the subcontractor is a small business concern, 4 months.

(3) If the financing payments are in the form or progress payments, the terms of the subcontract or interdivisional order concerning progress payments --

- (i) Are substantially similar to the terms of the clause for any subcontractor that is a large business concern, or that clause with its Alternate I for any subcontractor that is a small business concern;
- (ii) Are at least as favorable to the Government as the terms of this clause;
- (iii) Are not more favorable to the subcontractor or division than the terms of this clause are to the Contractor;
- (iv) Are in conformance with the requirements of FAR 32.504(e); and
- (v) Subordinate all subcontractor rights concerning property to which the Government has title under the subcontract to the Government's right to require delivery of the property to the Government if --

(A) The Contractor defaults; or

(B) The subcontractor becomes bankrupt or insolvent.

(4) If the financing payments are in the form of performance-based payments, the terms of the subcontract or interdivisional order concerning payments--

- (i) Are substantially similar to the Performance-Based Payments clause at FAR 52.232-32 and meet the criteria for, and definition of, performance-based payments in FAR Part 32;
- (ii) Are in conformance with the requirements of FAR 32.504(f); and

(iii) Subordinate all subcontractor rights concerning property to which the Government has title under the subcontract to the Government's right to require delivery of the property to the Government if--

(A) The Contractor defaults; or

(B) The subcontractor becomes bankrupt or insolvent.

(5) If the financing payments are in the form of commercial item financing payments, the terms of the subcontract or interdivisional order concerning payments--

- (i) Are constructed in accordance with FAR 32.206(c) and included in a subcontract for a commercial item purchase that meets the definition and standards for acquisition of commercial items in FAR Part 2 and 12;
- (ii) Are in conformance with the requirements of FAR 32.504(g); and
- (iii) Subordinate all subcontractor rights concerning property to which the Government has title under the subcontract to the Government's right to require delivery of the property to the Government if--

(A) The Contractor defaults; or

(B) The subcontractor becomes bankrupt or insolvent.

(6) If financing is in the form of progress payments, the progress payment rate in the subcontract is the customary rate used by the contracting agency, depending on whether the subcontractor is or is not a small business concern.

(7) Concerning any proceeds received by the Government for property to which title has vested in the Government under the subcontract terms, the parties agree that the proceeds shall be applied to reducing any unliquidated financing payments by the Government to the Contractor under this contract.

(8) If no unliquidated financing payments to the Contractor remain, but there are unliquidated financing payments that the Contractor has made to any subcontractor, the Contractor shall be subrogated to all the rights the Government obtained through the terms required by this clause to be in any subcontract, as if all such rights had been assigned and transferred to the Contractor.



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(9) To facilitate small business participation in subcontracting under this contract, the Contractor shall provide financing payments to small business concerns, in conformity with the standards for customary contract financing payments stated in Subpart 32.113. The Contractor shall not consider the need for such financing payments as a handicap or adverse factor in the award of subcontracts.

**G.8 TANK SUBCLIN PAYMENTS UNDER MY2 CLIN 2001 AND MY3 CLIN 3001**

The quantities and dollars on subCLINs under CLINs 2001 and 3001 are set forth in Section B of the contract for funding and billing purposes. The billing price per unit for the 104 vehicles under CLIN 2001 and the 103 vehicles under CLIN 3001 shall be the negotiated unit price set forth in the applicable Section B pages, less any required withholds and adjustments. The parties recognize that the negotiated unit price times the number of units in each subCLIN do not equal the amount funded under each subCLIN. Therefore, the invoices submitted under any subCLIN for vehicles delivered under the contract may not equal the dollar amount of the funded subCLIN, being either under or over the funded amount. For example as of Modification 42, the approximate number of vehicles at the negotiate price actually funded was as follows:

<u>SUBCLIN</u>	<u>ACRN</u>	<u>SUBCLIN QTY</u>	<u>Actual Funded QTY</u>
2001AA	AB	30	30.77521
2001AB	AA	16	15.67074
2001AC	AD	<u>58</u>	<u>57.54035</u>
TOTAL		104	103.98631*
3001AA	AA	5	4.51593
3001AB	AD	20	20.37366
3001AC	AE	26	26.24099
3001AD	AE	<u>52</u>	<u>51.86942</u>
TOTAL		103	103.00000

\* Difference between the total SUBCLIN QTY and Funded QTY is due to the negotiated credit under provision G.6.3 that is applied to the negotiated unit price of the last vehicle delivered under subCLIN 2001AC.

Payments made by DFAS under CLINS 2001 and 3001 shall be in the order listed above.

*** END OF NARRATIVE G 001 ***									
LINE	PRON/ AMS CD/ ITEM MIPR	ACRN	OBLG STAT/ JOB ORD NO		PRIOR AMOUNT		INCREASE/DECREASE AMOUNT		CUMULATIVE AMOUNT
3001AD	473BVU2747	AE	2	\$	125,832,481.00	\$	-889,256.00	\$	124,943,225.00
	31206500022		3GAAU1						
	A13P30222R47								
NET CHANGE						\$	-889,256.00		
SERVICE	NET CHANGE						ACCOUNTING	INCREASE/DECREASE	
NAME	BY ACRN	ACCOUNTING CLASSIFICATION					STATION	AMOUNT	
Army	AE	21	32033000035R5R02P31206531E9	S20113			W56HZV	\$	-889,256.00
NET CHANGE								\$	-889,256.00
		PRIOR AMOUNT			INCREASE/DECREASE			CUMULATIVE	
		OF AWARD			AMOUNT			OBLIG AMT	
NET CHANGE FOR AWARD:		\$	747,536,252.00	\$	-889,256.00	\$		746,646,996.00	